



RURAL DEVELOPMENT VERMONT/NEW HAMPSHIRE

Volume 2005

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BUILDING COMMUNITIES

STATE DIRECTOR'S MESSAGE:

Rural America is a diverse, dynamic, and changing place. We are proud of our high quality of life, a high quality workforce, a tradition of grassroots initiative and community involvement. Yet, all recognize that modern communications, transportation, community infrastructure, and access to venture capital are key to unlocking our greatest potential. That's where USDA Rural Development comes in.

Homeownership and entrepreneurship are at the heart of Rural Development's mission. We rely on strategic partnerships with other federal, state, and local entities, non-profit organizations, and community lenders to leverage scarce federal dollars into significant new investment in Vermont and New Hampshire rural communities. Whether low interest loans to turn renters into homeowners, a loan or grant to jump-start a new rural business and create more jobs, or support for revitalized infrastructure to boost investment on Main Street, it's all part of the Rural Development mission.

In addition to President Bush's emphasis on federal investment to support ownership, the Administration, along with Governors across America, has emphasized the importance of universal broadband access for a vibrant, growing economy. For decades, Rural Development has worked to bring modern electric, water, wastewater treatment, and telephone services to rural communities. Rural broadband access today is like rural electrification in the 1930's and 40's: it's essential to allowing rural communities to be competitive. Rural Development's low cost financing program for private internet providers can help with this critical infrastructure development.

Rural Development is increasing its focus and targeting towards access to critical medical care, a core quality of life issue for rural residents and a fundamental threshold question for new business development. Through our targeted support for rural hospitals and our telemedicine and first responder initiatives, Rural Development is working to meet this challenge.

USDA Rural Development in Vermont and New Hampshire will continue its mission in 2005 -- creating economic opportunity and improving the quality of life for our rural citizens -- one homeowner, one small business, one rural community at a time.

Further information on rural programs is available at a local USDA Rural Development office or by visiting our web site at <http://www.rurdev.usda.gov/vt>

Sincerely, Jolinda H. LaClair

\$18 MILLION AVAILABLE FOR HOUSING LOANS IN VERMONT AND NEW HAMPSHIRE

Montpelier, VT: Rural Development has two loan programs that make it possible for individuals and families to purchase homes in Vermont and New Hampshire, a Direct Loan Program and a Loan Guarantee Program. Most towns in Vermont and New Hampshire are eligible for USDA Rural Development financing. Last year 223, families in VT and 248 families in NH became proud, first time homeowners.

Applicants for a direct loan must have incomes under 80 percent of the area's median income. Loans are for a term of 33 years with a current interest rate of 6%, with no down payment. Mortgage payments are adjusted downward based upon income.

The Guarantee Rural Housing Loan Program serves as an alternative to FHA, VA, other private mortgage insurance loans and conventional loans. No down payment or monthly mortgage insurance is needed to qualify. Income limits are significantly higher than the Direct Loan Program limits. There is no maximum loan amount. Guaranteed loans are processed through your local bank.

USDA Rural Development also has approximately \$300,000 per state for home repair loan and grants designed to help very low-income owner occupants of single family homes. Loan funds are available for repairs to improve or modernize a home, make it safer or more sanitary, or remove health and safety hazards. Loans are at a fixed rate of 1% and can be extended out to 20 year terms. Homeowners 62 and over who cannot repay a loan may be eligible to receive grant funds to remove health and safety hazards, or remodel dwellings to make them accessible to household members with disabilities.

To find out more about Rural Development's housing loan and grant programs contact one of our local offices or visit our web site at <http://www.rurdev.usda.gov/vt>

RURAL DEVELOPMENT OFFERS GUARANTEED RURAL HOUSING LOAN PROGRAM WORKSHOPS

Workshops for mortgage lenders and brokers are being offered by Rural Development on March 17th and 18th in Vermont and on March 29th and 31st in New Hampshire. The Rural Development staff will review key features of the guarantee program including basic eligibility, loan underwriting standards and loan purposes.

Rural Development provides loan guarantees to enable lenders to make a 102% LTV loan without primary mortgage insurance.

Who should attend? Underwriters, Mortgage Processors and Loan Originators

Registration will be at 9:00 A.M. The workshop will run from 9:30 A.M. to 12:00 P.M. Continental breakfast will be provided.

The workshops will be held as follows:

-  ***3/17: Comfort Suites, 102 Ballardvale Drive (across from the VA), White River Junction, VT***
-  ***3/18: Vermont Association of Realtors Conference Room, 148 State Street, Montpelier, VT***
-  ***3/29: AHEAD Conference Room, 161 Main Street, Littleton, NH***
-  ***3/31: Horseshoe Pond Place (old Page Belting Building), 26 Commercial Street, Concord, NH***

You may register by calling Suzanne Skinner at 802-828-6010. Please be sure to tell her if you will need special accommodations.

FUNDING OPPORTUNITIES

VALUE ADDED PRODUCER GRANTS COMING SOON!

USDA Rural Development is expected to invite applications in early March for their Value-Added Producer Grant (VAPG) Program. The grant program is available to assist farmers and farmer groups with planning activities and working capital expenses related to establishing a value added marketing opportunity for an agriculture product. The desired outcome of this program is to expand markets and increase financial returns to farmers.

A 60 day application window is anticipated, and new lowered grant maximums are expected that may make VT and NH applications more competitive. There is a minimum 1:1 non-federal match required. Applications will be considered from a variety of agriculture sectors including renewable energy, wineries, high-value products from major crops, and community-supported agriculture.

Six applicants from Vermont have been awarded grants in the last four years. For more information about this program contact Lyn Millhiser, USDA Rural Development Business & Cooperative Programs Specialist, 802-828-6069 or email her at lyn.millhiser@vt.usda.gov. You may also visit the USDA Rural Development web site at <http://www.rurdev.usda.gov/rbs/coops/vadg.htm>. Select "awardees" for fundable ideas.

RENEWABLE ENERGY/ENERGY EFFICIENCY GRANTS

"USDA Rural Development is expected to announce its Renewable Energy and Energy Efficiency Grant Program in early May. The program was established as part of the 2002 farm bill to help agricultural producers and rural small businesses reduce energy costs and consumption through the purchase of renewable energy systems and installation of energy efficiency improvements. Renewable energy includes energy derived from wind, solar, biomass, or geothermal sources; or hydrogen derived from biomass or water using those same sources. Efficiency projects must conserve energy equal to at least 15% of the previous 12 months usage and pay for itself within 11 years or less through energy cost savings.

It is expected that approximately \$22.8 million will be available nationally in 2005 to carry out the grants only program. A grant cannot exceed 25% of the cost of the eligible project. The renewable energy grant maximum is \$500,000 and the energy efficiency grant maximum is \$250,000. Grant recipients may not construct the facility, project, or improvement in total or in part, or utilize their own personnel and/or equipment. A guaranteed loan option may also be available in 2005 and may include working capital and land acquisition costs.

As an example, in FY2004, a renewable energy grant was awarded to Blue Spruce Farm in Bridport, VT to offset costs for the construction of the electrical generator portion of an anaerobic digester system. Several other funders were involved in the total project. The farm began generating electricity at the end of December and began selling their power to CVPS on January 12, 2005 through the CVPS Cow Power Program.

For more information about this program, please visit the homepage at www.rurdev.usda.gov/rbs/farmbill, or contact Lyn Millhiser, USDA Rural Development Business & Cooperative Programs Specialist, 802-828-6069 or lyn.millhiser@vt.usda.gov."

ATTENTION COMMERCIAL LENDERS, NON-PROFIT ORGANIZATIONS, HOUSING DEVELOPERS AND BUSINESSES:

RD LOAN GUARANTEE PROGRAMS CAN WORK FOR YOU!

With increasing attention on the growing federal deficit and overall cost of federal programs, loan guarantees are a cost effective means for federal agencies to support community and economic development. RD sees this shift as the programs we offer have an increased emphasis on loan guarantees.

While everyone loves grants and subsidized interest rates, we must reserve those limited funds to the projects and applicants with the most need. Demand for these funds always exceeds the funds available. Many projects have the ability to afford commercial rates and terms but may not quite meet a bank's credit quality standards. This is where a loan guarantee can help. RD has three core loan guarantee programs for commercial projects. The guarantee reduces the bank's risk and can often result not only in access to loans but improved interest rates and longer terms.

Our **Community Facility Program** provides up to 90% loan guarantees for capital projects of non-profit organizations that are providing essential facilities to a community. Examples include education, recreational, health care, day care and fire/rescue.

Our **Business and Industrial Program** provides up to 80% loan guarantees for financing most business lending other than lines of credit. Our focus is assisting businesses that offer good jobs and/or businesses that are (or will be) a critical economic component of a rural community.

Our **Section 538 Rural Rental Housing Program** can provide up to 90% loan guarantees and possible interest rate buy downs for new construction or purchase and rehabilitation of rental housing projects that assist families or persons up to 115% of median income.

For more program RD contact information, visit our web site at <http://www.rurdev.usda.gov/vt/> . RD staff are always willing to speak to or meet with a bank, developer or non-profit to discuss the benefits these programs can provide you. Call us today and let us make these programs work for you.

ENTERPRISE GRANTS SUPPORT "BUSINESS TOURISM"

One of the unique ways our Rural Business Enterprise Grant Program has assisted small businesses in recent years is through support of tourist initiatives that directly benefit small businesses, especially manufacturers and artisans. **Here are some great "results" of this effort:**

- Interested in seeing how quality VT wood products are made? The Vermont Wood Manufacturers Association has identified twelve manufacturers in the Champlain Valley that welcome visitors. They have developed a driving tour that will take you to some exciting businesses. You can download the brochure for this tour at <http://www.vermontwood.com/heritage/index.html>
- The "Northern Forest" stretches across northern VT, NH and ME. "HandMade in the Northern Forest" is in the final stages of completion by the Northern Forest Center and Businesses for the Northern Forest. The guide will provide marketing assistance for over 300 small businesses working to produce products in this region. Scheduled to be released in the spring of 2005, more information on the guide can be obtained by contacting the Northern Forest Center at: nfc@northernforest.org
- Only want to see what's unique in Vermont's "Northern Forest"? The full-color 58 page "Heritage Guide" will take you off the beaten path in the NEK to discover the arts, agriculture, wildlife, history and culture of the Kingdom which includes many of the unique small businesses and artisans living and working there. The Heritage Guide can be purchased at most books stores and general stores or ordered on-line at http://www.travelthekingdom.com/pages/heritage_guide/

OUR PARTNERS MATTER

Our programs would not be as effective or reach as many rural residents if it was not for the partnership we share with many non-profits, local, state and federal agencies. We were pleased to honor five groups and one individual for their superior work with Rural Development and Rural Development projects.



Central Vermont Community Land Trust (CVCLT) was the recipient of the **4th annual USDA Rural Development Vermont Partner of the Year Award**. Tim King, CVCLT Executive Director accepted the award. Posing with him is Cheryl Ducharme, Rural Development Specialist, who nominated the Land Trust for the award. CVCLT was honored for their success in ensuring that residents of Washington, Orange and Lamoille Counties have access to safe and affordable housing.

The 4th annual USDA Rural Development New Hampshire Partner of the Year Award was given to the New Hampshire Community Loan Fund.

Accepting the award was Juliana Eades, President of the Loan Fund. NHCLF was honored for their leadership in

strengthening the quality of life for New Hampshire communities and their residents.



Countrywide Home Loans, Inc was the recipient of the **first annual USDA Rural Development New Hampshire Guaranteed Lender of the Year Award**.

The honor is in recognition of Countrywide's outstanding support and participation in the USDA Rural Development's Single Family Housing Guaranteed Loan Program. Countrywide processed more than 24% of all the guaranteed housing loans made by Rural Development in NH in 2004. Thirty-three families are now proud homeowners as a result of Countrywide's participation as a Rural Development Guaranteed Lender.

Chittenden Bank was the recipient of the **first annual USDA Rural Development Vermont Guaranteed Lender of the Year Award**. The honor is in recognition of Chittenden Bank's outstanding support and participation in the USDA Rural Development's Single Family Housing Guaranteed Loan Program. Chittenden Bank processed more than 19% of all the guaranteed housing loans made by Rural Development in VT in 2004. Twenty-two families are now proud homeowners as a result of Chittenden's participation as a Rural Development Guaranteed Lender.



THM, a property management company headquartered in Manchester, Vermont, received the **USDA Rural Development VT Property Management Company of the Year award**. The presentation was made at the Vermont Housing Managers Association's Annual Meeting held on October 29th at Topnotch, Stowe, VT. "This award allows us to highlight THM for the top-quality customer service they provide to the tenants of the properties they manage," said LaClair. "THM consistently works to keep the property well maintained, safe and attractive."

Mike Pelletier, Site Manager at Wentworth Place I and Wentworth Place II in Merrimack, NH received the **USDA Rural Development Site Manager of the Year Award for New Hampshire**. "Not everyone has the temperament and character needed to work in a housing complex for the elderly, with their varied needs and personalities," said Jim Fowler, Rural Rental Housing Specialist with USDA Rural Development in New Hampshire. "Mike



Pelletier has proven he does have that character and is more than a maintenance man to the tenants, he is someone they can depend on.”

APRIL IS COMMUNITY DEVELOPMENT MONTH

The Vermont Community Development Program which administers the CDBG grants is planning to honor the most creative and highly effective VCDP funded projects in 2004. They are soliciting nominations in four categories: 1.)Economic development; 2.)Housing; 3.)Public facility/public service; and 4.)Access modification. For further information and to obtain a complete listing of VCDP projects eligible to be nominated and a nomination packet, please contact Cindy Blondin at 828-5219 or cindy.blondin@state.vt.us **Nominations must be postmarked (or e-mailed) by March 22, 2005.** Governor Douglas will announce the winners at an awards ceremony tentatively scheduled for April 19, 2005 in the State House.

Rural Development is also committed to community development and often jointly funds projects with the CDBG programs in both VT and NH. Some projects funded with CDBG in 2004 include:

- Housing Rehab Loan Fund, Newport, VT
- Goodrich Memorial Library, Newport, VT
- Vermont Machine Tool, Springfield, VT
- Millbrook Schoolhouse Building, Westmore, VT
- Several projects in NH will be funded in 2005

STAFF NEWS

Congratulations to three of our RD Employees who have been recently promoted.



Tammy Surprise was promoted to the Multi-Family Housing Specialist position for Vermont. Tammy joined Rural Development in 2001 as the Multi-Family Housing Technician. You can reach Tammy by calling 802-828-6026 or by email at tammy.surprise@vt.usda.gov

***Susan Poland** has been selected as the Rural Development Specialist in the Rutland, VT office, offering assistance and information to individuals and families interested in RD's housing programs. Susan started her career with Rural Development as a County Office Clerk in the (old) Randolph, VT County Office in 1990.*

Before her recent promotion she held the Housing Technician position in the Montpelier, VT State Office.



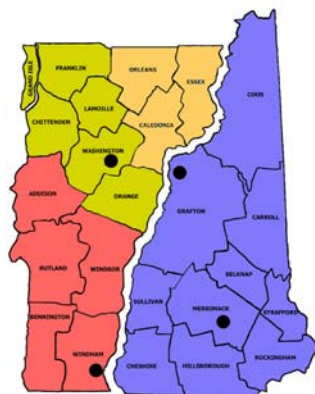
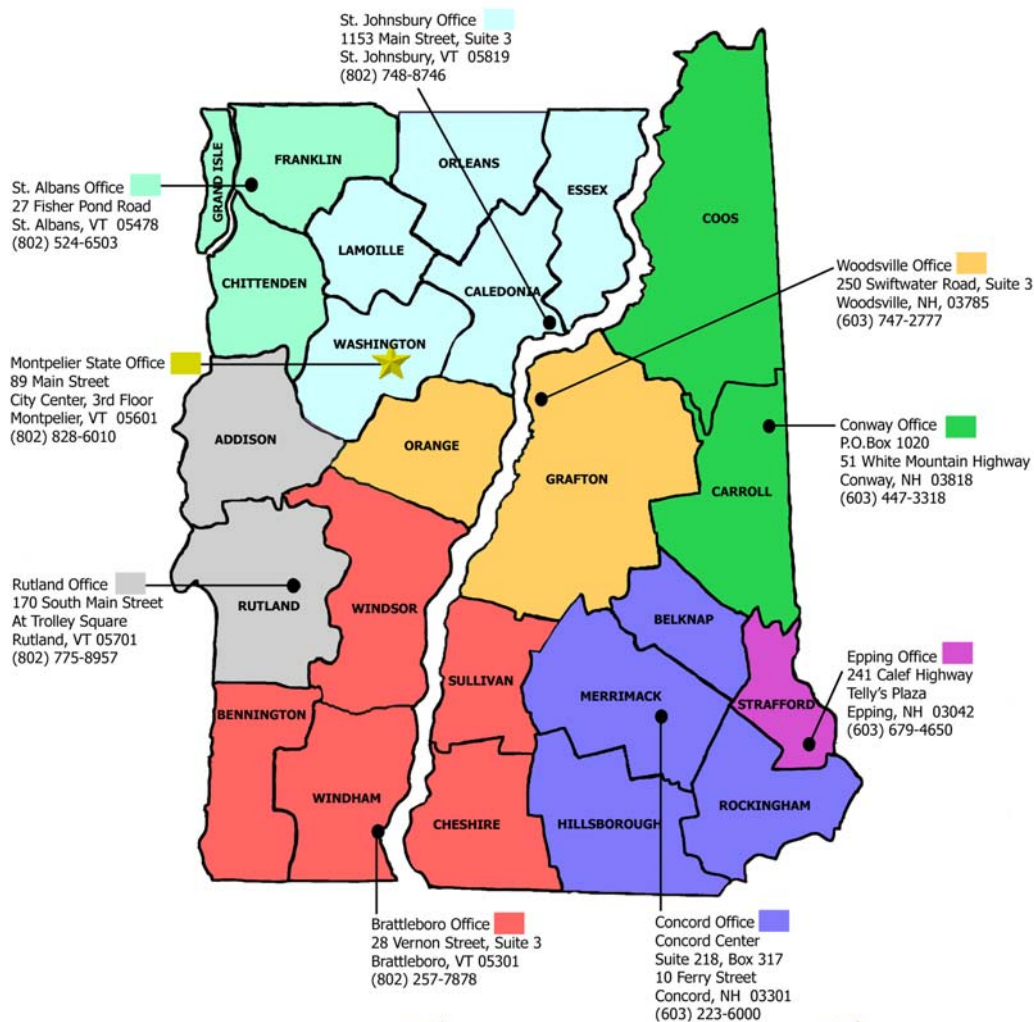
Sharon Lafley has been selected to replace Susan Poland as the Housing Technician in the Montpelier, VT State Office. Sharon joined RD in 1987 and has worked in several of our programs, including multi-family and single family housing.

*Farewell to **Randy Shiflett**, Rural Development Specialist in the Rutland, VT office. Randy has decided to retire and return home to West Virginia. We wish you the best Randy.*

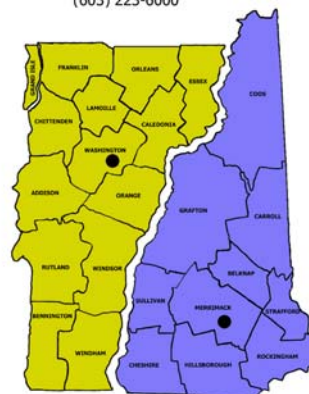
Welcome to **James Plouffe** who joins us as a Single Family Housing Loan Specialist in the Montpelier Office. James comes to us from the Department of Homeland Security and previously spent 17 years as a US Army Military Policeman.

Office Locations

Single Family Housing Programs



Community Programs



Business Programs /
Multi Family Housing

Rural Development is an Equal Opportunity Lender, Provider, and Employer. Complaints of discrimination should be sent to USDA, Director, Office of Civil Rights, Washington, D. C. 20250-9410